CONNECTICUT ASSOCIATION FOR
HEALTHCARE AT HOME

TESTIMONY

Delivered by Deborah R. Hoyt, President and CEO
The Connecticut Association for Healthcare at Home

Human Services Committee
Public Hearing
February 26, 2015

HB 6846 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET RECOMMENDATIONS FOR HUMAN SERVICES PROGRAMS

Good afternoon Senator Moore, Representative Abercrombie and honorable members of the Human Services Committee. My name is Deborah Hoyt, President and CEO of the Connecticut Association for Healthcare at Home.

The Association is the united voice for licensed home health and hospice agencies that foster cost-effective, person-centered healthcare for the Connecticut's Medicaid population in the setting they prefer most – their own homes.

We are a cost-saving solution for the Department of Social Services (DSS) and a critical component to:

- Achieving the State's Long Term Care goals of Aging in Place,
- Rebalancing through the Money Follows the Person (MFP) Program, and
- Managing the state's 5,000 mental health and psychiatric patients that were transferred out of mental health hospitals over a decade ago and are living in Connecticut communities

In fact, in DSS-prepared report to the state legislature on the CT Home Care program for Elders, DSS cited that service provided by **home and community-based providers saved the state Medicaid program $533.5-million for state FY 2009-2013** compared to what it would have cost to care for this client population in institutionalized settings.

More than half a -Billion dollars in savings over 5 years --the value and return on investment of Connecticut's licensed home health agencies to DSS, the Medicaid program, and to the State budget is unparalleled.

And, we're on track to save DSS more than a $100 million again this year under the Home and Community Based Services Waiver program alone.

The Governor's budget, as proposed, will undermine the progress the state has made in rebalancing Medicaid from institutions to the home, further devastate the provider network that has worked so diligently to make Connecticut an example and best practice envied by other states, and destroy the cost savings opportunity in future years.

Can the state afford NOT to invest in a network of providers which saves the state approximately $100 million every year ($533.5 million over the past 5 years)?

The four elements proposed by the Governor (below) have a direct negative impact on licensed home health providers. If these budget elements are enacted, home health agencies will close, others will opt out of serving state Medicaid clients and the state's long-term plan to rebalance from nursing homes to home and community settings will reverse course, and be compounded by an increase in hospitalizations.

Governor's proposed budget - impact on home health agencies:

1. **Reduce Medicaid Provider Rates** ($107.5-million in FY2016 and $117.5 million in FY2017)
2. **Reduce Medicaid Rates to Mental Health/Psychiatric Home Health Care** ($20-million in each year of the biennium)
3. **Restructure of the CT Home Care Program for Elders freezing intake of new clients and other changes (doesn't impact existing clients)** ($1.8-million in FY2016 and $5.5-million in FY2017)
4. **Increase the Co-Pay from 6% to 15% on clients in the CT Home Care program** (some waiver s not impacted)

Home health agencies know how to care for the Medicaid population and are successful and effective in doing so. DSS needs a functional infrastructure to meet future demands identified in their own Long Term Care Demand Projections Databook (August 2014):

- ✓ DSS is projecting that number individuals over 65 who are Medicaid **eligible for home and community based services will increase by close to 3,000 (2,985) from where we were in 2013....an increase of over 23%.**

- ✓ DSS has projected that home and community-based providers will need to **add close to 500 Home Health Aides and over 400 PCAs in order to meet the demand of new participants, the increase in elderly residents and those wanting to return to the community from SNFs. That is a major workforce increase for 2015.** In order to meet this demand we need a stabile infrastructure.

The state cannot afford to lose this provider sector and put patients and state revenue at risk. DSS's own data proves that it is worth investing in the viability and survival of these agency providers.

Several of you may recall in the early 2000's that the legislature worked hard to establish a reinvestment account to fund the future stability of home health agencies from the millions in savings that they achieved for the state. Regrettably, a few years ago that investment account was closed as it didn't receive a penny of funding.

Remember, DSS home health reimbursement only covers approximately 60 cents on the dollar of a home care agency's costs to provide care to these state clients. And the number of these clients and the complexity of their health needs are increasing.

Home health agencies have done their share. They have tightened their belts in terms of efficiency, complied with new regulations and laws requiring minimum wage and employer health benefits, and kept up with an 11.4% cost of living increase without an increase in Medicaid reimbursement until just this January 1, 2015 of 1%. In fact, the last DSS rate increase we had in home care prior to the January 1st increase was effective July 1, 2007, almost 8 years ago.

While we are greatly appreciative of the 1% adjustment at a time when other agencies are being cut, it isn't enough. One percent translates into an increase of a modest .24 cents for a home health aide visit and .94 cents for a skilled nurse. Incremental adjustments in years when the state budget can squeeze one out is not a holistic or viable option to meet the state's growing need for home based care.

<u>While we oppose the Governor's budget, we are proposing these as solutions:</u>

1. The State of CT must address Medicaid home health provider reimbursement to meet its long-term services and supports plan and ensure provider access to meet CT's demographic trends.

    a. The Department of Social Services shall establish three additional add-ons for licensed home health providers to address situations to guarantee continued access and capacity for Medicaid clients.
        i. Mirror Medicare's rate methodology using geographic regions to adjust Connecticut home health base Medicaid rates to account for provider cost differences, except for counties whose base rate would be reduced.
        ii. Address disproportionate share of home health provider Medicaid business to ensure access and capacity.

iii. Address the increased need for pediatric home health services delivered by home health providers in the community.

b. Require the State of CT and the Department of Social Services (DSS) to explore and implement a full restructuring of Home Health Care agency Medicaid reimbursement to an acuity-based rate structure to support the State rebalancing plan and the Money Follows the Person (MFP).

c. Require the State of CT and Department of Social Services (DSS) to reimburse home health agencies
for home telemonitoring as it significantly controls costs and avoids costly hospital readmissions of chronically-ill Medicaid clients.

Background Data:

An Analysis of DSS Annual CT Home Care Program for Elders Report

Correlation of Caseload to HHA Payments

- ✓ Based on the DSS CHCPE program data we can conclude that, from SFY 2009 thru SFY 2013, while the average number of recipients remained fairly stable with slight fluctuations, the overall payments for HHA services declined significantly. In the cumulative 5 year period, the caseload rose by 5%, (17,788 to 18,670) while the payments to HHAs dropped by 23.2% ($83.9 million to $64.5 million).
- ✓ For Title XIX clients the average monthly state expenditures on HHA services dropped by 26% in the 5 year period; for state funded clients the average monthly state expenditures on HHA services dropped by 36%. (Since the only payments for the 1915i clients were made in SFY 2013 there is no comparison information.)
- ✓ The reverse correlation with clients served increasing and payments to HHAs decreasing in the 5 year period substantiates that the HHAs have consciously tightened their belts and increased their effectiveness and efficiency.

Correlation of Year to Year Savings Increases to Year to Year HHA Payment Decreases

- ✓ For the 5 year period the DSS published savings amounted to $533.5 million.
- ✓ For the 5 year period the cumulative year to year changes amounted to additional savings of $5.9 million.

- ✓ For the 5 year period the cumulative year to year decreases in payments to HHAs amounted to $19.4 million.
- ✓ Since all other payments trended upwards for the 5 year period (Year to year increases screening +$806k; Waiver Services +$54.6 million) totaling an additional $55.4 million it is logical to conclude that the additional savings is the result of the reduction in HHA payments.

Correlation of 5 Year Aggregated Savings Increases (From 2009) to Aggregated HHA Payment Decreases (From 2009)

- ✓ For the 5 year period the increase in savings over the SFY 2009 level amounted to an additional $37.4 million.
- ✓ For the 5 year period the decrease in payments to HHAs under the SFY 2009 level amounted to a reduction of $46.5 million.
- ✓ It would be logical to conclude that the additional savings is attributable to the reduction in payments to the HHAs.

HHA Average Monthly Payment Trends

Title XIX

- ✓ Every year during the 5 year period the average monthly reimbursement of HHA services to Title XIX recipients decreased. With annual reductions ranging from a high of 9.3% to a low of 6.5%.
- ✓ The average monthly per patient home health reimbursement by DSS was 36.5% higher in 2009 ($621) than it was in 2013 ($455).

State Funded

- ✓ Every year during the 5 year period the average monthly reimbursement of HHA services to State Funded recipients decreased. With annual reductions ranging from a high of 37.9% to a low of .01%.
- ✓ The average monthly per patient home health reimbursement by DSS was 58% higher in 2009 ($215) than it was in 2013 ($136).

Aggregate

- ✓ Every year during the 5 year period the average monthly reimbursement of HHA services to the combined State Funded and Title XIX recipients decreased. With annual reductions ranging from a high of 7.5% to a low of 6.5%.
- ✓ The average monthly per patient home health reimbursement by DSS was 30.1% higher in 2009 ($474) than it was in 2013 ($362).

Analysis of Long Term Care Demand Projections Databook

Individuals 65 or Older

- ✓ The DSS LTC Databook includes projections on the increases/decreases in the state population by various age cohorts. It concludes that there were 506,559 individuals in the state in 2010 that were 65 or older.
- ✓ They are projecting that in 2015 there will be 582,352 individuals in the state 65 or older. This is an increase of 75,793 or 14.9%.
- ✓ They are projecting that in 2020 there will be 671,041 individuals in the state 65 or older. This is an increase of another 88,689 or 15.2% more than 2015.

HCBS Patients 65 or Older

- ✓ The DSS LTC Databook includes projections on the increases/decreases in the recipients in need of HCBS by various age cohorts. It concludes that there were 12,563 individuals in the state in 2013 who were 65 or older who were in need of and qualified for HCBS.
- ✓ They are projecting that in 2015 there will be 15,548 individuals in the state 65 or older who will be in need of and qualify for HCBS. This is an increase of 2,985 or 23.7%.
- ✓ They are projecting that with DSS efforts to assist individuals who wish to remain in their communities in 2020 there will be 20,097 individuals in the state 65 or older in need of and qualify for HCBS. This is an increase of 4,549 or 29.2% more than 2015.

Projected HCBS Workforce Shortages

- ✓ The Databook includes projections on the need for workers to meet the future increased demand.
- ✓ For 2015 they are projecting that there will be a need for 925 additional HCBS workers over the 2013 level, including 487 HHA direct care workers such as CNAs.
- ✓ For 2020 they are projecting that there will be a need for an additional 1,832 HCBS workers over the 2015 level, including 1,225 HHA direct care workers such as CNAs.

(continued)

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CT Medicaid Cost Savings Achieved Through Use of Home Healthcare Providers

Source: CT Home Care program for Elders Annual Report to the Legislature for State FY 2009-2013